

server 8 which communicates with various entities, including the party and counterparty.

5 Message bus 7 is also connected to the matching system server 9, which runs a Java or C++ program calculating not only the mid-point prices (and related spreads, if applicable) using data from the live feed 6 but also identifying where netting opportunities exist to enable a currency match to occur and the nature of the netting. Matching System server 9 is connected to an Oracle database 10. Message bus 7 is connected to the various system financial partners 11 (typically one, but not limited to one, in each jurisdiction whose currency is available for matching through the system). These are typically banks or deposit taking institutions. These partners actually take the payment from and make payments 12 to each party and counterparty in the amounts defined by the matching system server 9.

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20 Reference should now be made to Figure 4, which is a step by step walk through the process. Figure 4 includes, but is not limited to, the denoted steps to execute a transaction. At step 1, a party with a need for foreign exchange logs onto a secure web site using its browser. Initially, the party has to complete a customer profile and user authentication. This involves the following steps: On entering the secure FX Matching System web portal, the customer has to:

- (A) Register with the FX Matching System and its jurisdictional banking partners in a secure environment (if a new user), or
- (B) Authenticate its identity with a user name and password (if an existing user).
- 25 (C) If a new user, it also has to enter various administrator-defined restrictions- user restrictions, currency restrictions, volume restrictions e.g.

User "XXXX" can transact in currency "XXX" and "YYY" only, in volumes not to exceed "XXXXXX".

Once authenticated as a user, the customer will be able to complete a secure submission document using its Web browser (Step 1). This document enables a user to:

- (A) List, in a secure environment, commonly used source accounts and beneficiary accounts.
- (B) Enter an electronic funds transfer request, with funds moving from a source account to a beneficiary account at a jurisdictional banking partner, if necessary.

Once its funds have been deposited and the cleared funds are "held" by a jurisdictional banking partner, the customer is able to 'post' funds using the browser based submission document as follows:

- (A) By requesting a conversion on a defined source amount (e.g. the customer has a source quantity of \$1M USD which it requires to be converted to CAD), or
- (B) By requesting a beneficiary amount, the computer program will calculate the quantity of source funds required, utilizing a "buffer percentage" to account for potential currency fluctuations. The "buffer percentage" is a convenience feature for customers and will be calculated on a currency specific basis at two standard deviations of the daily fluctuation of the currency.

The secure submission document also allows each user to define the kind of transaction required. Examples of user-defined functionality include, but are not limited to, the following :

- 5 (A) 'Match' – the exchange transaction is completed as and when reciprocal funds become available in whole or in a series of partials for a customer to fulfil a currency order; this process can be time-sensitive. Implicit in the Match order is end of day execution of any unfilled balances, unless the customer has his own beneficiary account and elects to bypass that option;
- (B) 'Match (All or none)' – the exchange transaction is completed only as and when a complete block of currency (as a series of partials or in one reciprocating block) becomes available to fulfill a currency order; (again, this can be time-sensitive);
- (C) 'Match and Market (M & M's)' – a time sensitive order to fill the customer currency requirement with as much "matched" currency as is available during a user-defined period of time, with the option of executing the balance at the prevailing market rate with a banking partner or financial institution;
- (D) 'Market' – an order allowing a customer to bypass the matching process and go directly to a jurisdictional partner for execution; this can be time-sensitive;
- 20 (E) 'Special Liquidity' – certain corporate partners, and, in some circumstances, regular customers will be able to submit orders at preferred rates to augment liquidity. "D-SL" orders never have precedence over regular "Direct" orders.

25 The Submissions Document is then securely transmitted (step 2) to the Matching System Server (B). The Matching System Server (B) then requests (step 3) the appropriate financial institution (C) to verify the information given by the party